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SUBJECT: IAEA: DG CONCERNED ABOUT INDIA AGREEMENT; SEEKS LEADING ROLE ON DPRK VERIFICATION

REF: A. A) STATE 72006  
[¶](#)B. B) UNVIE 392

Classified By: Ambassador Gregory L. Schulte for reasons 1.4 b and d

¶1. (S) SUMMARY: Responding to ref A demarche, IAEA DG ElBaradei assured Ambassador Schulte on July 14 that he will continue to support the India safeguards agreement and hoped for consensus at the August 1 Board of Governors but indicated Pakistan could be problematic. He urged the U.S. to highlight the agreement's positive aspects and send a message to Pakistan that it too could one day be in a position to benefit from such an agreement. On DPRK, ElBaradei noted the July 12 DPRK Press Communique from the Six Parties mention of the IAEA's role in verification and insisted that the IAEA would have to be in the lead or have no involvement at all. The DG assured Ambassador Schulte that the IAEA continues to ask for more information from Syria. He noted that samples analysis would take several months and did not anticipate resolving the Syria issue before the September Board. The DG did not have any update on Iran and mentioned that he will meet with Solana in Berlin on July 15.

The DG also indicated some "cautious optimism" that the Russian proposal on Reliable Access to Nuclear Fuel (RANF) may become "unstuck" in the Russian bureaucracy in the near future. The DG suggested that EU support and that of a few developing countries, such as South Africa or Mexico, would lend credibility to the IAEA-NTI fuel bank proposal. Turning to the negotiations on the Technical Cooperation Fund (TCF), he pushed the U.S. to pledge more and "stop fighting about pocket change with the G77". END SUMMARY

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INDIA  
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¶2. (S) DG ElBaradei noted the IAEA's full backing of the India safeguards agreement and assured Ambassador Schulte that he would continue to voice his support both publicly and privately. Drawing on ref B, Ambassador encouraged the DG to facilitate an early consensus decision. ElBaradei did not have concerns about securing support from Canada, China, and Finland, countries he had mentioned previously, but was concerned about Pakistan. ElBaradei urged the U.S. to send a signal to Pakistan that the India agreement could serve as a possible precedent for other countries, including Pakistan, assuming they "clean up their own nuclear house." ElBaradei was also concerned that the July 18 briefing by India on the agreement could be perceived as "defensive." He judged that it would be inappropriate for the IAEA to be part of the presentation. Ambassador Schulte urged ElBaradei to reconsider this view. The DG also said there will be no technical briefing unless specifically requested; however, his legal staff would be available to member states to answer questions on a bilateral basis (Note: The Secretariat had pushed back against the Board Chair's suggestion of a technical briefing, preferring to treat this as a routine agreement. End note.)

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DPRK

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¶3. (S) After briefly reviewing the July 12 DPRK Press Communique from the Six Parties mentioning the IAEA's role in the verification process, the DG forcefully insisted on the IAEA having the lead in verification or having no role at all. The DG disagreed with Ambassador Schulte's observation that verification was a shared responsibility in Libya and reiterated his point. He welcomed Ambassador Schulte's suggestion to have a team of experts sit down with their IAEA counterparts to discuss the verification regime planned for the DPRK.

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IRAN  
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¶4. (S) The DG did not have any update on the Iran file but mentioned that he would meet with Solana on July 15 in Berlin. He did not provide details. ElBaradei said the focus now should be on negotiation. Ambassador Schulte countered saying that both tracks of the dual-track strategy should proceed in tandem, as should the IAEA investigation of weaponization.

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SYRIA  
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¶5. (S) ElBaradei confirmed the IAEA investigation is

ongoing with inspectors asking follow-up questions and waiting for responses. The DG expects results from environmental samples taken during the June 22-24 visit within the next few months. He doubted that the IAEA would make much progress in the investigation by the September Board. Ambassador Schulte reiterated our view that Syria should be on the agenda of the September Board meeting.

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RANF  
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¶6. (S) Responding to Ambassador Schulte's observation that the UAE is interested in supporting the IAEA-NTI fuel bank, the DG said the EU plus a few developing countries, such as South Africa and Mexico, would also need to come on board to lend legitimacy to the project. The DG assured Ambassador Schulte that there would be a defined "concept" on this fuel bank for the Board to approve. ElBaradei anticipates countries such as Egypt and Pakistan may have reservations about the project. He also noted that there is some "cautious optimism" that the Russian proposal may become "unstuck" in the Russian bureaucracy in the near future.

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TCF  
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¶7. (S) The DG stressed his dissatisfaction with the lack of agreement on the Technical Cooperation Fund (TCF) figures. He noted the resentment he has heard from G77 members about the major donors lack of willingness to pledge more money for TCF while they at the same time are willing to spend money on AIPS and on India. He advised Ambassador Schulte to "give the G77 85 or 86 to make them happy." Ambassador Schulte noted U.S. readiness to support 83.5 million USD in the last TCF negotiating session and shared with the DG that the U.S. could go as high as 84 million USD. He added that this is the largest one time increase in TCF history, and encouraged ElBaradei to weigh in with the G77 to facilitate compromise.  
SCHULTE

NNNN

End Cable Text